

No. 5-364A080

Date DEC 30 1985

Fee \$ 16.00

ICC Washington, D.C.

James H. Bayne
~~Agenda Morganovich~~
Interstate Commerce Commission
Washington, D.C. 20423

RECORDATION NO. 12443-11
FILED 1425

DEC 30 1985 12 05 PM

INTERSTATE COMMERCE COMMISSION

DEC 30 11 56 AM '85

Dear ~~Ms. Morganovich~~

Enclosed for recordation under the provisions of USC 11303(a) are the original and six counterparts of an Amendment to Equipment Lease dated as of December 15, 1985. The Equipment Lease to which said amendment relates is dated as of October 1, 1980 and was filed with your office at 1:45 p.m. on November 26, 1980 and given Recordation No. 12443-A. Said Amendment is a secondary document.

A general description of the railroad equipment covered by the enclosed document is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

Lessor: Leasco of Washington, Inc.
800 Fifth Avenue
P.O. Box 3977
FAB 29
Seattle, Washington 98124

Lessee: United States Rail Services, Inc.
633 Battery Street
San Francisco, California 94111

The undersigned acted as special counsel in connection with the preparation of the enclosed document and has knowledge of the matters set forth therein.

Please return the original and five copies of said amendment to Deborah G. Page, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$10.00 covering the required recording fee.

A short summary of the enclosed secondary document to appear in the Index follows:

C. T. Koppelman
0
Quinn

Amendment to Equipment Lease between Leasco of Washington, Inc., as Lessor, 800 Fifth Avenue, P.O. Box 3977, FAB 29, Seattle, Washington 98124 and United States Rail Services, Inc., as Lessee, 633 Battery Street, San Francisco, California 94111, covering 100 100-ton general service gondola cars.

Very truly yours,

CHAPMAN AND CUTLER

By Deborah G. Page
Deborah G. Page

Enclosures

SCHEDULE A

DESCRIPTION OF ITEMS OF EQUIPMENT

| | |
|-------------------------------|---|
| Manufacturer of Equipment: | Trinity Industries, Inc. |
| Description and Mark and | 100-ton general service gondola cars marked and numbered ALQS 7001 to ALQS 7025 inclusive, and CSL 101 to CSL 175, inclusive. |
| Number of Items of Equipment: | 100 |

12443-18
RECORDATION NO. _____ FILED 1425

DEC 30 1985 - 12 05 PM

INTERSTATE COMMERCE COMMISSION

AMENDMENT TO EQUIPMENT LEASE

Dated as of December 15, 1985

between

LEASCO OF WASHINGTON, INC.

Lessor

and

UNITED STATES RAIL SERVICES, INC.

Lessee

USRS LEASE NO. 5

AMENDMENT TO EQUIPMENT LEASE

AMENDMENT TO EQUIPMENT LEASE dated as of December 15, 1985 between Leasco of Washington, Inc., a Washington corporation (the "Lessor") and United States Rail Services, Inc., a California corporation (the "Lessee").

WHEREAS, Seafirst Leasing Corporation ("Seafirst"), the predecessor in interest to the Lessor, and the Lessee have heretofore executed and delivered that certain Equipment Lease dated as of October 1, 1980 (the "Original Lease") pursuant to which the Lessor leased to the Lessee 100 100-ton general service gondola cars manufactured by Trinity Industries, Inc., marked and numbered ALQS 7001 to ALQS 7025, inclusive, and CSL 101 to CSL 175, inclusive (the "Equipment"); and

WHEREAS, the Original Lease was recorded in the Office of the Secretary of the Interstate Commerce Commission on November 26, 1980 at 1:45 P.M. and was given Recordation No. 12443-A; and

WHEREAS, the Original Lease was entered into as part of the lease financing of the Equipment more fully provided for in a Participation Agreement dated as of October 1, 1980 among Seafirst, the Lessee, United States Leasing International, Inc., a California corporation (the "Parent"), and Chemical Business Credit Corp. ("CBCC"), pursuant to which Seafirst acquired the Equipment by application of sums advanced by it and the proceeds of a loan by CBCC, which loan was evidenced by Seafirst's 13% Non Recourse Secured Note dated November 26, 1980 in the original principal amount of \$2,918,238.40 (the "Interim Note"); and said Participation Agreement was subsequently amended by an Amendment to Participation Agreement dated as of September 1, 1981 (the "PA Amendment") among such parties (said Participation Agreement as amended by the PA Amendment being hereinafter referred to as the "Interim Participation Agreement"); and

WHEREAS, subsequent to the execution and delivery of the Agreements described above, CBCC entered into an Assignment dated November 25, 1980 with Chemlease Worldwide, Inc. (hereinafter referred to as the "Interim Lender") pursuant to which CBCC transferred to the Interim Lender all of CBCC's right, title and interest in and to the Interim Note, the Interim Security Agreement (as defined in the Term Financing Participation Agreement hereinafter referred to) and all collateral thereunder including the Equipment, the Original Lease and all payments to be made thereunder; and Seafirst entered into a Transfer and Assumption Agreement dated September 30, 1983 with the Lessor, providing for the transfer to the Lessor of all of Seafirst's right, title and interest in and to the Interim Participation Agreement, the Interim Security Agreement, the Interim Note and the Original Lease, and the Lessor assumed all of Seafirst's rights and obligations thereunder.

WHEREAS, at the time the parties entered into the Interim Participation Agreement, it was contemplated that the Lessor would, at the request of the Lessee, issue its Secured Notes at some future date during the term of the Original Lease in order to refinance the Interim Note and that, in the event such refinancing were accomplished, the Original Lease would be modified to adjust the amounts of Fixed Rental, Casualty Value and Termination Value payable thereunder in accordance with the terms and provisions of Section 12 of the Interim Participation Agreement; and

WHEREAS, the Lessee has now requested the issuance of the Lessor's Secured Notes and in response thereto and in order to pay in full the outstanding principal balance of the Interim Note and a prepayment premium thereon, the Lessor now proposes to sell to The Minnesota Mutual Life Insurance Company (the "Note Purchaser") the 11.50% Secured Notes due 1986-1996 (the "Notes") of the Lessor in an aggregate principal amount not exceeding \$2,575,685.48; and

WHEREAS, in order to provide for the sale of the Notes to the Note Purchaser, the Lessor proposes to enter into a Term Financing Participation Agreement dated as of December 15, 1985 (the "Term Financing Participation Agreement") with the Lessee, the Parent and the Note Purchaser, and to secure the Notes by entering into a Security Agreement dated as of December 15, 1985 (the "Security Agreement") from the Lessor to the Note Purchaser, as secured party thereunder providing for a first lien on and security interest in the Equipment, the Original Lease, as amended hereby, the Lease Guaranty (as defined in the Security Agreement) and the rentals and other sums due and to become due under said agreements; and

WHEREAS, in order to induce the Note Purchaser to purchase the Notes, the proceeds of which are to be applied to the refinancing of the Interim Note, and to further induce the Note Purchaser to enter into the Security Agreement as security for the Notes and to provide for the adjustments to the Original Lease and certain additional matters contemplated by Section 12 of the Interim Participation Agreement or requested by the Note Purchaser, the Lessor and the Lessee desire to amend the Original Lease as hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt whereof is hereby acknowledged, the Lessor and the Lessee agree that the Original Lease shall be deemed to be and is hereby amended upon the execution and delivery of this Amendment (but subject also to the fulfillment of the conditions to be satisfied on the Closing Date under the Term Financing Participation Agreement) and effective with respect to acts and events occurring from and after such date as follows:

1. Section 1(d) of the Original Lease is hereby amended in the following respects:

(a) The terms "Business Day", "Notes" and "Security Agreement" shall be deleted from paragraph (8) of said Section 1(d).

(b) Paragraph (12) of said Section 1(d) shall read in full as follows: "(12) Overdue Rate shall mean 12.50% per annum, simple interest."

(c) Paragraph (13) of said Section 1(d) shall read in full as follows:

"(13) Participation Agreement shall mean the Participation Agreement, dated as of the date hereof, among the Lessee, the Lessor, United States Leasing International, Inc. and Chemical Business Credit Corp. as amended by the Amendment to Participation Agreement dated as of September 1, 1981, among said parties (the PA Amendment)."

(d) The following paragraphs numbered (14) through (19), inclusive, shall be added following Section (13):

"(14) Accrued Rent shall mean the amounts payable pursuant to Section 3(b) hereof.

(15) Business Day shall mean any day other than a Saturday, Sunday or other day on which banks in the cities of Seattle, Washington, San Francisco, California or St. Paul, Minnesota are authorized or required to close.

(16) Lender shall mean The Minnesota Mutual Life Insurance Company.

(17) Notes shall mean the 11.50% Secured Notes due 1986-1996 of the Lessor issued pursuant to the Term Financing Participation Agreement.

(18) Security Agreement shall mean the Security Agreement dated as of December 15, 1985 from the Lessor to the Lender.

(19) Term Financing Participation Agreement shall mean the Term Financing Participation Agreement dated as of December 15, 1985, among the Lessor, the Lessee, United States Leasing International, Inc. and the Lender."

2. Sections 3(b), (c) and (d) of the Original Lease are hereby amended to read in full as follows:

"(b) The Lessee shall pay to the Lessor as Accrued Rent for each Item of Equipment subject to this Lease an amount equal to (i) 3.64174% of Lessor's Cost thereof for the period from and including July 1, 1985 to but not including December 30, 1985, and (ii) 1.5217445% of Lessor's cost thereof for the period from and including December 30, 1985 to but not including January 6, 1986, counting days on the basis of a 360-day year consisting of 12 consecutive 30-day months.

(c) The Lessee shall pay to the Lessor as Basic Rent for each Item of Equipment subject to this Lease, twenty-six (26) consecutive semi-annual installments, each in an amount equal to 4.7755% of the Lessor's Cost thereof.

(d) The Accrued Rent payable pursuant to Section 3(b)(i) above shall be paid on December 30, 1985, and the Accrued Rent payable pursuant to Section 3(b)(ii) above shall be paid on January 6, 1986. The installments of Basic Rent for each Item of Equipment shall be due and payable on the 6th day of each January and July during the term hereof commencing July 6, 1986 and with a final payment due on January 6, 1999 (Basic Rent Dates). If any of the Basic Rent Dates is not a Business Day, the rent payment otherwise payable on such date shall be payable on the next succeeding Business Day."

3. Section 3(e)(4) of the Original Lease is hereby amended to read in full as follows:

"(4) on demand, all amounts paid or payable by the Lessor pursuant to Section 2.4 of the Term Financing Participation Agreement for which the Lessee has agreed to provide payment or reimbursement to the Lessor, and all other amounts as and when due under the Term Financing Participation Agreement or the Participation Agreement."

4. Section 3(g) of the Original Lease is hereby deleted in its entirety.

5. Section 4(b) of the Original Lease is hereby amended to read in full as follows:

"(b) Assignment by Lessor.

This Lease and all rent and all other sums due or to become due hereunder may be assigned in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee

of the Lessor except upon written notice of such assignment from the Lessor. Upon notice to the Lessee of any such assignment, the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to or upon the written order of the assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provision of this Lease shall not be subject to any Abatement whatever whether by reason of failure of or defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of such assignee, the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment, (ii) said assignee shall, if an Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of said assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor (except those rights, privileges and remedies relating to amounts payable to the Lessor pursuant to Sections 8, 12, 13 and 20 hereof, and Section 15 hereof, subject to the limitations set forth in Section 1.6(a) of the Security Agreement, which shall remain enforceable by the Lessor), but if no Event of Default or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, said assignee and the Lessor may each exercise their respective rights, privileges and remedies stated in this Lease to be provided for their respective benefits, and (iii) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor.

It is understood and agreed that the right, title and interest of any such assignee in, to and under this Lease and the rents and other sums due and to become due hereunder shall by the express terms granting and conveying the same be subject to the interest of the Lessee in and to the Equipment."

6. Section 5 of the Original Lease is hereby amended in the following respects:

(a) The first sentence of said Section 5 shall read in full as follows:

"Upon final termination of the lease term hereunder of any Item of Equipment (including a termination pursuant to Section 18 hereof but excluding a termination pursuant to Section 11 hereof), the Lessee shall forthwith deliver possession of the Items to the Lessor in the same condition as when received, ordinary wear and tear excepted, and such Items shall meet the standards then in effect under the applicable rules of any governmental agency or other organization with jurisdiction over such Items and the applicable standards then in effect for such Items under the interchange rules of the Association of American Railroads."

(b) The period at the end of Subsection (ii) of said Section 5 shall be deleted and there shall be added the following:

"; and provided, further, that in the event this Lease has been terminated pursuant to Section 18 hereof, the Lessor shall be permitted to store such items on such tracks at the risk of the Lessee until such items have been sold, leased or otherwise disposed of by the Lessor."

(c) There shall be added at the end of the first paragraph of subsection (iii) of said Section 5 the following sentence:

"In the event that this Lease has been terminated pursuant to Section 18 hereof, the foregoing obligations of the Lessee with respect to transporting of the items of Equipment and maintaining insurance thereon shall continue until such Items have been sold, leased or otherwise disposed of by the Lessor."

7. Section 10 of the Original Lease is hereby amended to read in full as follows:

"Section 10. Inspection.

The Lessor and its assignee pursuant to Section 4(b) hereof shall have the right, but not the duty, to inspect the Equipment. Upon the request of the Lessor or such assignee, the Lessee

shall confirm to the Lessor or such assignee the last known location and user of each Item of Equipment and shall, at any reasonable time, and as to Items in the possession of the Lessee, make such Items, and the Lessee's records pertaining to the Equipment available to the Lessor or such assignee for inspection at such location. As to any Items subleased or rented by the Lessee to others, the Lessee will, within a reasonable time, make arrangements for the Lessor or such assignee to inspect such Items and the users records pertaining to such Items in a manner which does not interfere with the usage of such Items by the Lessee's subleasing or rental customer."

8. Section 11 of the Original Lease is hereby amended in the following respects:

(a) The second and third sentences of Section 11(c) shall read in full as follows:

"On the Term Lease Commencement Date or the Basic Rent Date for the Item affected next following the date of such Event of Loss, the Lessee shall pay to the Lessor the Casualty Value of such Item, determined as of such Term Lease Commencement Date or Basic Rent Date, together with the full payment of Rent and any other amounts then due with respect to such Item of Equipment. In the event the Lessee determines that a damaged Item can be repaired, the Lessee shall continue to make all payments of Rent due with respect to such Item and shall cause such Item to be repaired or return such Item to the manufacturer for repair or replacement, within the Repair Period and in the event an Item is returned to the manufacturer or seller and replaced within six (6) months, the Lessee shall take such action as may be required to protect the Lessor's title to the replacement and perfect, protect and preserve the interests of the Lessor and any security interests created by the Lessor therein, provided, that if the Lessee shall fail to repair such Item within the Repair Period or replace any such returned Item within six (6) months, the Lessee shall, on the Basic Rent Date for the Item affected next following the end of the Repair Period or time limit for replacement, pay to the Lessor the Casualty Value of such Item, determined as of such Basic Rant Date, together with the full payment of Rent and any other amounts then due with respect to such Item of Equipment."

(b) The third sentence of Section 11(d) shall read as follows:

"Regardless of whether an item suffering an Event of Loss shall be disposed of finally by a sale, surrender to an insurance carrier, as salvage or abandonment, the Lessor and the Lessee agree that whatever proceeds, including without limitation proceeds from insurance, from a manufacturer or supplier and claims against third parties, which may be realized relating to the Event of Loss, provided the Lessee has paid the Lessor the amounts it is required to pay under this Section and no Event of Default has occurred and is continuing under this Lease, shall be paid to and retained by the Lessee up to the sum of (i) Casualty Value of such Item, and (ii) the Lessee's reasonable costs and expenses of disposition or obtaining such proceeds, and the excess, if any, shall be paid to the Lessor."

(c) The first paragraph of Section 11(g) shall read in full as follows:

"(g) Unless an Event of Default or other event which, with notice, demand and/or lapse of time, would constitute an Event of Default shall have occurred and be continuing hereunder, the Lessee shall be entitled, at its option, upon at least 90 days' prior written notice to the Lessor and any assignee, to terminate this Lease on July 6, 1989 or on the due date of any installment of Basic Rent thereafter if the Lessee shall have made a good faith determination that all (but not less than all) of the Items of Equipment have become obsolete, which notice shall specify in detail the basis for such determination and shall be signed by the President or a Vice President of the Lessee; provided, however, that such termination shall become effective only on a Basic Rent Date (hereinafter in this Subsection (g) called the Termination Date); provided, further, that such termination shall not take effect unless the Lessee shall have fully complied with the succeeding paragraphs of this Subsection (g)."

(d) The last sentence of the third paragraph of Section 11(g) shall be deleted.

9. The fifth sentence of Section 12 of the Original Lease is hereby amended to read in full as follows: "All liability policies shall name the Lessor and the Lender as an additional insured."

10. Section 13 of the Original Lease is hereby amended to read in full as follows:

"Section 13. Indemnification.

Except as otherwise provided herein, the Lessee agrees to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless the Lessor, the Lender, and their respective agents, employees, shareholders, officers and directors (collectively, the Indemnitees) from and against any and all liabilities, obligations, losses, damages, penalties, claims (including, without limitation, claims involving strict or absolute liability), actions, suits, costs, expenses and disbursements (including, without limitation, legal fees and expenses) of any kind and nature whatsoever (Claims) which may be imposed on, incurred or asserted against any Indemnatee whether or not such Indemnatee shall also be indemnified as to any such Claim by any other persons, in any way relating to or arising out of this Lease or any document contemplated hereby or the performance or enforcement of any of the terms hereof or thereof, or in any way relating to or arising out of the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, sublease, possession, use, operation, maintenance, condition, registration, sale, return, storage or disposition of any Item of Equipment or any accident in connection therewith (including, without limitation, latent and other defects, whether or not discoverable and any Claim for patent, trademark or copyright infringement); provided, however, that the Lessee, shall not be required to indemnify such Indemnatee with respect to (a) any Claim in respect of any Item of Equipment arising from acts or events which occur after possession of such Item of Equipment has been redelivered to the Lessor or this Lease has been terminated pursuant to Section 11 hereof as to Items in respect of which the Claim arises, or (b) any Claim of such Indemnatee resulting from acts of such Indemnatee which would constitute the willful misconduct or gross negligence of such party or default by such party under this Lease, the Participation Agreement, the Term Financing Participation Agreement, the Security Agreement or the Notes. To the extent that any such Indemnatee in fact receives indemnification payments from the Lessee under the indemnification provisions of this Section 13, the Lessee shall be subrogated, to the extent of such indemnity paid, to the Lessor's or the Lender's rights with respect to the transaction or event requiring or giving rise to

such indemnity. The Lessee agrees that neither the Lessor nor the Lender shall be liable to the Lessee for any Claim caused directly or indirectly by the inadequacy of any Item of Equipment for any purpose or any deficiency or defect therein or the use or maintenance thereof or any repairs, servicing or adjustments thereto, all of which shall be the risk and responsibility of the Lessee. The rights and indemnities of the Lessee hereunder are expressly made for the benefit of, and shall be enforceable by, the Lessor and the Lender notwithstanding the fact that the Lessor or the Lender is either no longer a party to this Lease, or was not a party to this Lease at its outset. Any Indemnatee shall give the party obligated to defend or indemnify it, prompt written notice of any claim or occurrence (of which it has knowledge) which may give rise to any obligations under this Section.

11. Section 17 of the Original Lease is hereby amended in the following respects:

(a) Subsection (a) of said Section 17 shall read in full as follows: "(a) The Lessee or any assignee shall fail to make any payment of Rent after the same shall become due and such failure shall continue for five (5) days; or"

(b) Subsection (d) of said Section 17 shall read in full as follows:

"(d) United States Leasing International, Inc. (USLI) shall fail to make any payment under Section 3 of the PA Amendment and such failure shall continue for five (5) days; or USLI or the Lessee shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it under the Participation Agreement or any agreement, document or certificate delivered by USLI or the Lessee in connection therewith, and such failure shall continue for thirty (30) days after written notice thereof from the Lessor to the Lessee and USLI; or"

12. The last full paragraph of Section 18 of the Original Lease is hereby deleted.

13. Section 22(a) of the Original Lease is hereby amended to read in full as follows:

"(a) The terms of this Lease shall not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever except by written instrument signed by the Lessor and the Lessee; provided, however, that if this Lease shall have been assigned pursuant to Section

4(b) hereof, the written consent of such assignee shall also be required."

14. Exhibit B to the Original Lease (including Annex 1 thereto) shall be amended and restated in its entirety, so as to read in accordance with Exhibit B (including Annex 1 thereto) attached to this Amendment.

15. Exhibit C to the Original Lease shall be amended and restated in its entirety so as to read in accordance with Exhibit C attached to this Amendment.

Except to the extent hereby amended and modified, the Original Lease is in all respects ratified, confirmed and approved.

This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

The terms of this Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

This Amendment may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered as of the day and year first above written.

LEASCO OF WASHINGTON, INC.,
Lessor

By George A. Flanagan
Its Assistant Vice President

UNITED STATES RAIL SERVICES,
INC., Lessee

By _____
Its _____

[SEAL]

Attest:

Assistant _____

IN WITNESS WHEREOF, the parties have caused this Amend-
ment to be executed and delivered as of the day and year first
above written.

LEASCO OF WASHINGTON, INC.,
Lessor

By _____
Its _____

UNITED STATES RAIL SERVICES,
INC., Lessee

By 
Its _____ PRESIDENT

[SEAL]

Attest:


~~XXXXXXXX~~ Vice President

STATE OF WASHINGTON)
) SS
COUNTY OF KING)

On this 24th day of December, 1985, before me personally appeared GEORGE J. FLANAGAN, to me personally known, who being by me duly sworn, says that (s)he is the Assistant Vice President of LEASCO OF WASHINGTON, INC., that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

[NOTARIAL SEAL]

My commission expires: 4/8/87

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO)

On this _____ day of December, 1985, before me personally appeared _____ and _____, to me personally known, who being by me duly sworn, says that they are the _____ and _____ of UNITED STATES RAIL SERVICES, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My commission expires: _____

STATE OF WASHINGTON)
) SS
COUNTY OF KING)

On this _____ day of December, 1985, before me personally appeared _____, to me personally known, who being by me duly sworn, says that (s)he is the _____ of LEASCO OF WASHINGTON, INC., that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My commission expires: _____

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO)

On this 23rd day of December, 1985, before me personally appeared D. A. Summers and B. N. Campbell, to me personally known, who being by me duly sworn, says that they are the President and Vice President of UNITED STATES RAIL SERVICES, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Walter J. Michael
Notary Public

[NOTARIAL SEAL]

My commission expires: February 26, 1988

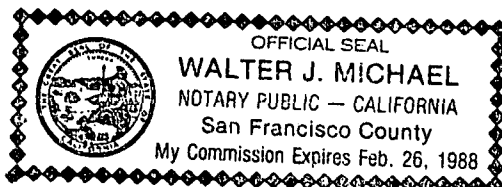


EXHIBIT B
TO
EQUIPMENT LEASE
CASUALTY VALUES

The Casualty Value of each Item of Equipment shall be the sum of (i) the percentage of Lessor's Cost of such Item set forth opposite the Basic Rent Date, and (ii) the amount, if any, payable under Annex 1 hereto:

| <u>DATE</u> | <u>CASUALTY VALUE</u> |
|-----------------|-----------------------|
| January 6, 1986 | 85.999 |
| July 6, 1986 | 84.820 |
| January 6, 1987 | 83.435 |
| July 6, 1987 | 81.878 |
| January 6, 1988 | 80.137 |
| July 6, 1988 | 78.265 |
| January 6, 1989 | 76.268 |
| July 6, 1989 | 74.149 |
| January 6, 1990 | 71.905 |
| July 6, 1990 | 69.534 |
| January 6, 1991 | 67.037 |
| July 6, 1991 | 64.409 |
| January 6, 1992 | 61.651 |
| July 6, 1992 | 58.768 |
| January 6, 1993 | 55.811 |
| July 6, 1993 | 52.780 |
| January 6, 1994 | 49.706 |
| July 6, 1994 | 46.571 |
| January 6, 1995 | 43.405 |
| July 6, 1995 | 40.183 |
| January 6, 1996 | 36.940 |
| July 6, 1996 | 33.649 |
| January 6, 1997 | 30.351 |
| July 6, 1997 | 26.861 |
| January 6, 1998 | 23.217 |
| July 6, 1998 | 19.376 |
| January 6, 1999 | 15.000 |
| Thereafter | 20.000 |

ANNEX 1 TO EXHIBIT B
(to Equipment Lease)

The percentages set forth in this Exhibit B have been computed without regard to recapture of the Investment Credit provided for in Section 38 and related sections of the Code. Consequently, the Casualty Value of any Item of Equipment subject to an Event of Loss on or before the third, fifth or seventh anniversary of the Closing Date shall be increased by the applicable percentage of the Lessor's Cost set forth below:

| <u>Annual Anniversary of</u> <u>Closing Date</u> | <u>Percentage of</u> <u>Lessor's Cost</u> |
|---|--|
| Third | 18.51852% |
| Fifth | 12.34568% |
| Seventh | 6.17284% |

EXHIBIT C
(to Amendment to Equipment Lease)

TERMINATION VALUES

The Termination Value of each Item of Equipment (and any amount referred to as "the amount shown in parenthesis" with respect thereto) shall be the percentage of Lessor's Cost of such Item set forth opposite the Basic Rent Date.

| <u>DATE</u> | <u>TERMINATION VALUE</u> |
|-----------------|--------------------------|
| July 6, 1989 | 74.149% |
| January 6, 1990 | 71.905 |
| July 6, 1990 | 69.534 |
| January 6, 1991 | 67.037 |
| July 6, 1991 | 64.409 |
| January 6, 1992 | 61.651 |
| July 6, 1992 | 58.768 |
| January 6, 1993 | 55.811 |
| July 6, 1993 | 52.780 |
| January 6, 1994 | 49.706 |
| July 6, 1994 | 46.571 |
| January 6, 1995 | 43.405 |
| July 6, 1995 | 40.183 |
| January 6, 1996 | 36.940 |
| July 6, 1996 | 33.649 |
| January 6, 1997 | 30.351 |
| July 6, 1997 | 26.861 |
| January 6, 1998 | 23.217 |
| July 6, 1998 | 19.376 |
| January 6, 1999 | 15.000 |